

Assembly Bill No. 1985

Passed the Assembly August 23, 2010

Chief Clerk of the Assembly

Passed the Senate August 19, 2010

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2010, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 5023.6 to the Penal Code, relating to the Department of Corrections and Rehabilitation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1985, Galgiani. Corrections: contract health care providers.

Existing law authorizes the Department of Corrections and Rehabilitation to enter into contracts with providers of health care services to provide health care services to inmates.

This bill would require the department, by January 1, 2011, to adopt industry standard claim forms for use by contract health care providers, to be able to accept electronic submissions of claims from contract health care providers, to perform periodic audits of claims paid to contract health care providers, and to provide remote electronic access to claim status information to contract health care providers. The bill would authorize the department to adopt policies and procedures for enabling electronic health care claims management and processing, and would exempt the adoption, amendment, and repeal of policies and procedures for this limited purpose from the rulemaking provisions of the Administrative Procedure Act.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Contractors providing hospital care, specialty care, emergency medical transportation, and other health care services form an essential component of the continuum of care that the Department of Corrections and Rehabilitation is required to deliver to its inmates.

(2) The department will process approximately 300,000 individual claims from contract health care providers in the 2009–10 fiscal year.

(3) The department has historically struggled to pay its contract health care providers in a timely manner, causing additional costs

to the department and threatening the availability of competent, cost-effective providers willing to serve the department.

(4) Manual claims processing by the department has resulted in significant and costly errors. A department audit of claims paid during the period of July 1, 2007, to June 30, 2009, inclusive, identified millions of dollars in billing and payment errors, which have resulted in more than fifteen million dollars (\$15,000,000) in contractor refunds to the state as of June 1, 2010.

(5) The department has made significant progress in reducing its payment backlog and increasing billing accuracy by processing certain health care claims electronically.

(b) It is the intent of the Legislature that the department achieve even greater efficiency, accuracy, timeliness, and cost savings in processing contract health care claims by adopting industry standard electronic health care management and processing practices and performing periodic audits of claims paid.

SEC. 2. Section 5023.6 is added to the Penal Code, to read:

5023.6. (a) The Department of Corrections and Rehabilitation shall, by January 1, 2011, do all of the following:

(1) Adopt industry standard claim forms for use by contract health care service providers.

(2) Be able to accept secure electronic submission of claims from contract health care service providers.

(3) Perform periodic audits of claims paid to contract health care providers.

(4) Provide secure, remote electronic access to claim status information to those contract health care service providers submitting claims electronically in the manner required by the department.

(b) The department may adopt policies and procedures for the purpose of enabling electronic health care claims management and processing. The adoption, amendment, or repeal of policies and procedures for this limited purpose are exempt from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

Approved _____, 2010

Governor